

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 176 – HB 170

March 22, 2013

**SUMMARY OF ORIGINAL BILL:** Requires the Department of Human Services (DHS) to conduct investigations relative to the existence of trafficking in, or fraud involving, the food assistance program; fraud, abuse, theft, misappropriation, or misuse of property, funds, or services by any person or entity in any program administered by DHS; and misconduct by any employee, contractor or agent of DHS concerning the operation of any program or any laws governing DHS's operations. DHS is required to establish rules, policies, and procedures consistent with the Middle Class Tax Relief and Job Creation Act that are necessary to prevent public assistance benefits administered by DHS from being used in any electronic benefit transaction (EBT) in any liquor store; casino, gambling casino, or gaming establishment; or any adult-oriented retail establishment. DHS is authorized to address intentional food assistance program violations or overpayments through any administrative means including settlement of the violations or overpayments or through administrative hearings. The Commissioner of Human Services is authorized to establish an EBT system in compliance with federal law and to contract with public or private entities to provide services necessary to establish the system.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

Other Fiscal Impact - The Middle Class Tax Relief and Job Creation Act requires states to develop plans for preventing the use of TANF assistance through EBT transactions at locations specified by the proposed legislation by February 2014. DHS will reallocate existing TANF grant funds to implement the proposed legislation relative to temporary assistance benefits.

**SUMMARY OF AMENDMENT (005199):** Removes language relative to the Middle Class Tax Relief and Job Creation Act of 2012 and adds a severability clause.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

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Assumptions for the bill as amended:

- It is estimated that the investigation and enforcement requirements of the bill relative to the food assistance program and fraud or misconduct within DHS, or by its contractors and agents, can be accommodated within the existing resources of DHS without an increased appropriation or reduced reversion.
- It is estimated that the number of appeals heard by the Appeals and Hearings Division will increase slightly due to investigations of fraud and misconduct relative to the food assistance program and any other program administered by DHS. It is estimated that no additional employees will be required for appeal processing.
- It is estimated that DHS can accommodate the requirements of the bill within existing resources without an increased appropriation or reduced reversion.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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